



State of Utah

DEPARTMENT OF COMMERCE
Committee of Consumer Services

Minutes of the Meeting of the Committee of Consumer Services held at the Heber M Wells Building, Room #210, 160 East 300 South, Salt Lake City, Utah, on Thursday, September 4, 2008

Members of the Committee in Attendance:

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| Dee Jay Hammon | Kelly Casaday (via teleconference) |
| Betsy Wolf | Robert McMullin |
| Andrew Riggle | |

Staff in Attendance:

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| Michele Beck | Dan Gimble |
| Eric Orton | Cheryl Murray |
| Ronnie Drake | Paul Proctor, attorney |

Members of the Public in Attendance:

Michael Harrison, Utah Clean Energy
Barrie McKay, Questar Gas Company

1 Welcome and Business

Dee Jay Hammon called the meeting to order and welcomed all those in attendance. The next Committee Meeting is scheduled for Thursday, October 9, 2008 at 9:30 a.m., Heber M. Wells Building, room #210. Franz Amussen was excused.

2 Minutes

No minutes were ready for approval. Minutes from today's meeting and June's meeting will be addressed at the next Committee meeting.

3. Public Comment

No public comment was offered.

4. Case Updates: Terminal to Populus CCN and Chehalis Plant

Michele Beck updated the Committee regarding the recent Commission orders on these two ongoing issues. The Commission granted Rocky Mountain Power's request for a Certificate of Convenience and Necessity for the Populus to Terminal transmission line. (The Committee's position had been not to oppose it.) The Commission also issued an Order approving the request for approval of a new large generating resource (the Chehalis plant).

5. Division of Public Utilities Investigation of Questar Transponder Back-billing

Michele Beck updated the Committee on the status of the investigation. The DPU has released its report recommending, among other things, that back-billing for transponder pre-divide mistakes be limited to six months, that Questar improve some of its billing systems, that Questar credit some portion (unspecified) of the difference between the total revenue associated with the transponder errors (already paid primarily by ratepayers as a whole through the 191 and CET accounts) and the amount that will be repaid by individuals. The DPU examined five specific milestones in the transponder implementation for reasonableness and prudence, and found that Questar was reasonable in only four out of the five areas (suggesting imprudence in the fifth area). The Committee and other interested parties will be filing comments in response to the report next week.

6. Questar Gas General Rate Case

Michele Beck provided the following update on the ongoing Questar rate case: All parties have filed testimony on the cost of service and rate design portion of the case. There are vast differences between the parties regarding how to allocate certain costs and also regarding how to split the General Service class. Despite these difference, a settlement conference was held to explore the possibility of resolving the issues. Resolution appears to be unlikely, so we will likely be moving forward with rebuttal and surrebuttal.

7. Rocky Mountain Power General Rate Cases

Michele Beck provided the following update on the 07 case revenue requirement issues: The Commission issued its Order (with one errata correcting a mis-calculation) in the revenue requirement portion of the case. The Commission allowed a 10.25 % rate of return and a rate increase of only \$36 million. The Commission's order detailed the manner in which it arrived at its findings, indicating that it had been persuaded by many of the arguments put forward by the Committee. Rocky Mountain Power has asked for reconsideration of many aspects of the Order. On the same day that Rocky Mountain Power filed its request for reconsideration, it also sent out a press release indicating that because it did not received the rate increase they thought they deserved, it would be exploring various options for cutting back service in Utah. This has resulted in many press articles (primarily negative toward RMP's statements), prominently featuring the Committee's role as consumer advocate.

The Committee discussed the importance of making sure that key policy makers (legislators) understand the reasoning behind the positions taken by the Committee, since it could be misintrepreted from the press and Company accounts.

Michele Beck provided the following update on the 07 case cost of service issues: Parties were unable to reach settlement on the issues and filed rebuttal testimony. Very few differences remain among the rate spread and rate design issues, with most

parties suggesting that an even percentage spread should be pursued. Cost of service issues remain – but are minimized by the fact that most parties agree the cost of service study has too many flaws to be relied upon.

Michele Beck provided the following update on the 08 case: Motions were filed by the Committee and two industrial groups requesting dismissal of the 08 case on various legal grounds. The DPU also filed a motion, but only to delay the start of the 240-day time restriction. A Commission hearing on the matter is scheduled for September 10th. Also, Rocky Mountain Power specifically asked for a test year determination. Testimony will be filed on that issue in October with a hearing on October 28th.

8. Discussion of strategy in litigation pending before the Utah Public Service Commission: in Docket 07-035-93 (Rocky Mountain Power General Rate Case), Docket 08-035-38 (Rocky Mountain Power General Rate Case), Docket 07-057-13 (Questar General Rate Case), and Docket 07-157-11 (Investigation into the Questar transponder backbilling)

8a. Robert McMullin made a motion to go into closed session pursuant to Utah Code Section 52-4-205 (1)(c). Andrew Riggle seconded the motion. It passed unanimously.

8b. Robert McMullin made a motion to go back into Opened Session, Betsy Wolf seconded the motion and it passed unanimously. The Committee was in closed session for approximately 45 minutes.

Robert McMullin made the following motion, and Kelly Casaday seconded the motion:

The Committee supports settlement of the cost of service portion of either or both ongoing rate cases (the 07 Rocky Mountain Power and Questar cases) providing that the key outcomes important to the consumers we represent are achieved. The Committee authorizes work toward this end consistent with the guidance given to the Committee's counsel and director.

The motion passed unanimously.

9. Other Business

No other business was discussed.

Robert McMullin made a motion to adjourn; the meeting adjourned at 2:40 p.m.